

## **Tuscaloosa Credit Union**

### **About**

Established in 1951, Tuscaloosa Credit Union originally served local postal employees. Since that time, Tuscaloosa CU has helped three generations of west Alabama families with their financial needs. The \$49 million state-chartered credit union has three branches in Tuscaloosa County.

### **Challenge**

In 2005, Tuscaloosa CU was looking for strategies that would help increase income to enable the institution to maintain a strong presence for its members. At the same time, CEO Tommy Cobb was concerned about members having to pay high charges from merchants for returned checks. He wanted to find a solution for both challenges.

### **Solution**

After discussing the matter with his data processor, Cobb decided to contact two overdraft program providers to see which would be the best fit for Tuscaloosa CU. "I contacted both companies to learn about their services and JMFA seemed the most interested in helping us. They responded quickly to our initial request and provided recommendations that met our needs," he said.

He was convinced he had made the right choice when it came time to install and implement JMFA OVERDRAFT PRIVILEGE®. According to Cobb, during the month-long process the JMFA team was very detail-oriented and made sure the credit union staff understood the program well enough to implement it thoroughly and explain its benefits fully to credit union members.

### **The Results**

Since implementing JMFA OVERDRAFT PRIVILEGE®, Cobb has seen a great benefit from the program. "Our members love the safety net it provides," he said. "They ask about participating and make every effort to stay within the parameters for maintaining coverage."

Tuscaloosa CU staff relies on JMFA's simple, straightforward system to help them monitor overdraft accounts and communicate with program users whenever necessary. "This gives us peace of mind knowing that our program is completely transparent and providing our members with a safety net that they really appreciate," Cobb continued.

As far as benefits to the credit union, in the five years since the initial implementation the revenue increase has been more than the most optimistic budget predicted – from .5 percent to almost two percent fee income to assets, thanks to JMFA OVERDRAFT PRIVILEGE®. Plus, there has been no need to make noticeable changes in the operations area to implement the program and charge offs have increased less than expected.

While there was much speculation in the industry about the potential challenges of implementing Reg E opt in requirements, according to Cobb it really didn't have an effect on Tuscaloosa CU members. "We were pleased to have a 94 percent opt-in rate before the August 15 deadline," he explained. "We began working with JMFA in January 2010 to develop a game plan. They provided the materials we needed to communicate with our members and the process went very smoothly."

### **Lessons Learned**

In addition to providing a valuable member service and increased revenue, JMFA's written compliance guarantee provides an extra benefit to the credit union. "We don't get many guarantees these days," Cobb stated. "Plus, if they see that revenue might be down, they give us a call to discuss possible causes – JMFA is the only vendor I have ever worked with that regularly monitors a relationship that closely."